

# Attachment I



5. My primary responsibilities as Manager, Counterparty & Credit Risk Management include ensuring NYISO customers meet the credit requirements as established in the NYISO tariffs, overseeing the assessment of the financial health and risk of NYISO customers to manage potential exposure to the NYISO markets, evaluating potential revisions to the NYISO's creditworthiness tariff provisions and financial security forms, and managing the administration of financial security that customers submit to the NYISO.
6. Based on this experience, I am familiar with the NYISO's tariff provisions and forms relating to the use of surety bonds as financial security and the extent of NYISO customers' use of surety bonds.

### **C. The NYISO's Surety Bond Requirements**

7. Order No. 2023 required that an Interconnection Customer be allowed to use a surety bond as an acceptable form of security to satisfy the deposit requirements included in the interconnection procedures. The NYISO currently permits its Market Participants to use surety bonds as security and maintains a standard form establishing the requirements for the use of surety bonds. The NYISO is using the same surety bond form for Interconnection Customers with limited changes to establish that the form applies for deposits required by the interconnection procedures.
8. The NYISO's standard form requires that the surety pay amounts owed to the NYISO under the surety bond not later than the first business day following the NYISO's written demand for payment. The NYISO includes this requirement to help ensure that the NYISO can timely pay the obligations it incurs on behalf of Interconnection Customers. The NYISO is permitted to recover unpaid costs from an Interconnection Customer's deposit only after the customer has failed to pay the NYISO within the 30-day timeframe in Section 40.24.3.4.2 of Attachment HH and the 10-business day cure period in Section 40.6.4 elapses. The NYISO, however, must pay its third-party vendors, Transmission Owners and Affected System Owners for study costs on a timely basis and needs funds from Interconnection Customers to do so. The one-day payment requirement improves the NYISO's ability to pay its obligations timely in the event of an Interconnection Customer's default.

9. The one-day payment requirement is consistent with the two other forms of security that Interconnection Customers can provide—cash, which the NYISO can use immediately after the cure period for nonpayment elapses, or a letter of credit, which requires the bank to pay the NYISO either the same or the following banking day the NYISO presents a drawing certificate under the letter of credit, depending on what time of day the NYISO presents the certificate.
  
10. NYISO Market Participants regularly use surety bonds subject to the requirements in the NYISO’s standard form, including the one-day turn around requirement. As of the date of this Answer, the NYISO holds 71 surety bonds that cover 53 different Market Participants from 13 different surety companies totaling \$268M.
  
11. This concludes my affidavit.

**ATTESTATION**

I am the witness identified in the foregoing affidavit. I have read the affidavit and am familiar with its contents. I verify under penalty of perjury that the foregoing is true and correct.



Sheri L. Prevratil

June 27, 2024